

# Q4 2020 Earnings Presentation

February 23, 2021



- ❑ Certain statements contained in this presentation that are not historical facts, including any statements as to future market conditions, results of operations, products introductions, and financial projections, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to safe harbor created thereby. These forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future express or implied results. Although SPX believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. In addition, forward-looking statements are based on the company’s existing operations and complement of businesses, which are subject to change.
- ❑ Particular risks facing SPX include risks relating to economic, business and other risks stemming from changes in the economy, including changes resulting from the impact of the COVID-19 pandemic; market specific cycles and weather related fluctuations; legal and regulatory risks; cost of raw materials; pricing pressures; our reliance on U.S. revenues and international operations; our ability to successfully resolve various claims and disputes associated with our large power projects in South Africa; legacy liabilities (including asbestos, environmental and pension); liabilities retained in connection with dispositions; integration of acquisitions and achievement of anticipated synergies; our 2015 spin-off transaction; the effectiveness, success, and timing of restructuring plans; and other risks and uncertainties arising from impact of the COVID-19 pandemic or related government responses on SPX’s businesses and the businesses of its customers and vendors, including whether SPX’s businesses and those of its customers and vendors will continue to be treated as “essential” operations under government orders restricting business activities or, even if so treated, whether health and safety concerns might otherwise require certain operations to be halted for some period of time. More information regarding such risks can be found in SPX’s most recent Annual Report on Form 10-K, most recent quarterly report on Form 10-Q and other SEC filings.
- ❑ Statements in this presentation are only as of the time made, and SPX disclaims any responsibility to update or revise such statements except as required by regulatory authorities.
- ❑ This presentation includes non-GAAP financial measures. Reconciliations of the non-GAAP financial measures with the most comparable measures calculated and presented in accordance with GAAP are available in the appendix to this presentation. We believe that these non-GAAP measures are useful to investors in evaluating our operating performance and our management of business from period to period.

# Introductory Comments

## Gene Lowe

- Solid performance in 2020
  - ✓ Growth in revenue, segment income and Adjusted EPS
- Targeting double-digit earnings growth in 2021
- Focused on value creation initiatives
  - ✓ Continuous improvement, digital, and acquisitions

Well-Positioned to Continue Value Creation Journey in 2021+

# Adjusted Q4 and 2020 Year/Year Summary

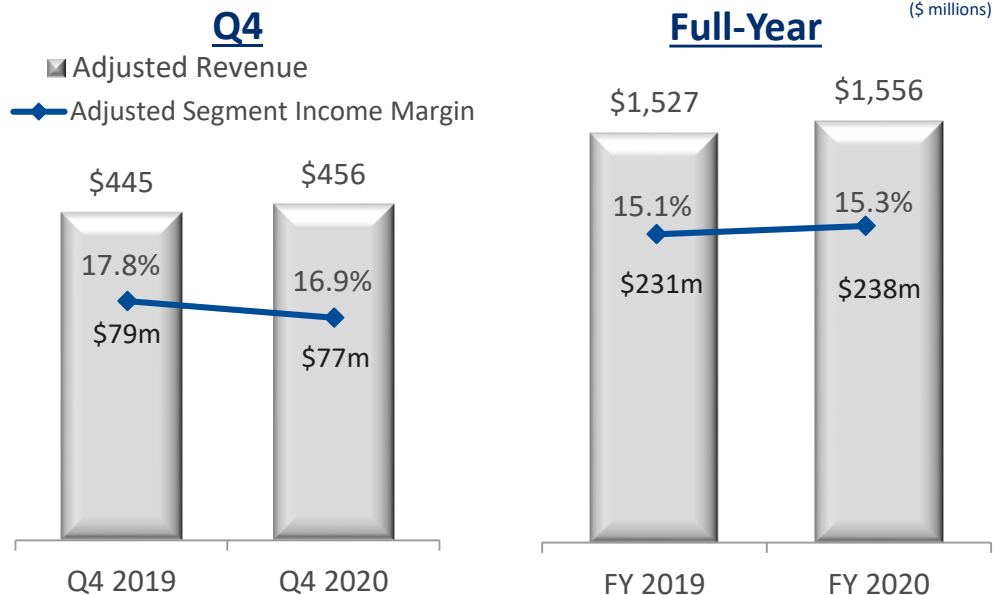


## □ Modest Q4 revenue increase

- ✓ Acquisitions more than offset softer non-resi HVAC sales and timing impact of project sales in Detection & Measurement

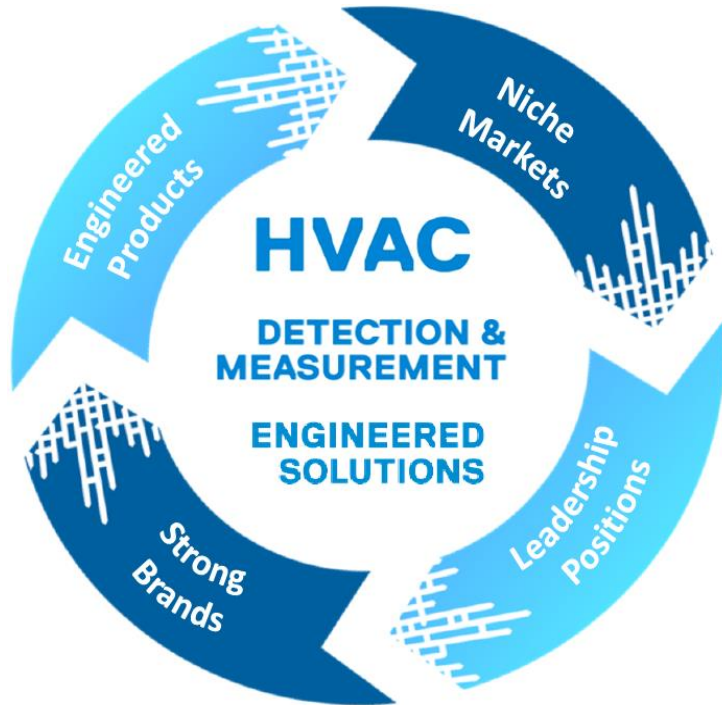
## □ Segment Income and Margin resilient in Q4

- ✓ Acquisitions support segment income
- ✓ Less favorable mix impact on margin



**Solid Performance in Challenging Year**

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as "Other" in the company's reporting structure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.



## Organic Growth

- New products
- Channel expansion
- Adjacent markets

## Inorganic Growth

- Focus in HVAC and D&M
- Significant capital to deploy
- Large target pipeline

## SPX Business System

- Policy deployment
- Operational excellence
- Due diligence/integration

## Culture & Values

- Integrity
- Results/accountability
- Diversity & Inclusion
- Employee development

## Revenue & Margin Enhancement - Tools & Drivers

### Product Innovation




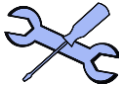


### Technology

-   
Software
-   
Robotics
-   
AI


### M&A

- SCHONSTEDT
- CUES
- SGS REFRIGERATION
- PK
- PATTERSON-KELLEY
- SABIK
- ULC
- SENSORS & SOFTWARE

### Channel

-   
Geography
-   
Service
-   
Digital
-   
Loyalty

### CI

-   
Lean
-   
80/20
-   
Sourcing

# Q4 Financial Review

## Jamie Harris



# Adjusted Earnings Per Share



	<u>Q4 2019</u>	<u>Q4 2020</u>	<u>2019</u>	<u>2020</u>
<b>GAAP EPS from continuing operations</b>	<b>\$0.76</b>	<b>\$0.58</b>	<b>\$1.71</b>	<b>\$2.20</b>
Other segment (South Africa)	\$0.00	\$0.06	\$0.79	\$0.31
Acquisition-related	\$0.01	\$0.05	\$0.09	\$0.06
Non-service pension items & other	\$0.14	\$0.11	\$0.02	\$0.00
Amortization	<u>\$0.05</u>	<u>\$0.09</u>	<u>\$0.15</u>	<u>\$0.23</u>
<b>Adj EPS from continuing operations</b>	<b>\$0.96</b>	<b>\$0.89</b>	<b>\$2.76</b>	<b>\$2.80</b>

Q4/2020 Adjusted EPS of \$0.89/\$2.80

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as “Other” in the company’s reporting structure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

# Adjusted Q4 and 2020 Year/Year Results



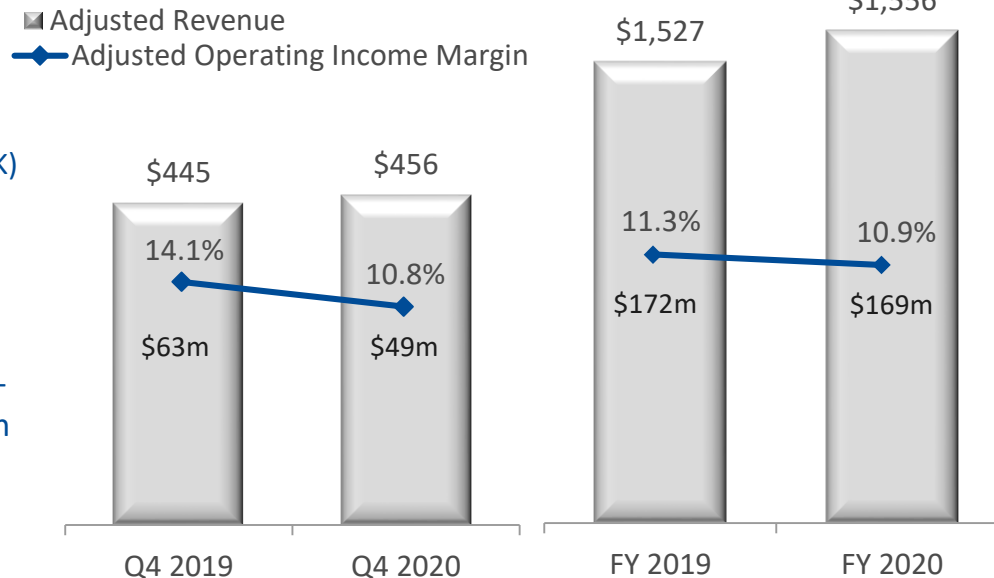
(\$ millions)

## Q4 Adjusted Results:

## Q4

## Full-Year

- 2.5% year-over-year increase in Adjusted Revenue:
  - ✓ **4.5% acquisition** impact (ULC Robotics and PK)
  - ✓ **(2.4%) organic\*** decrease\* due to lower volumes in HVAC Cooling
  - ✓ **0.4% currency** impact
- \$9.4m charge caused decline in Q4 and Full-year Adjusted Operating Income and Margin



For Full-Year 2020, Acquisitions and Solid Operational Performance Largely Offset COVID-Impact

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as “Other” in the company’s reporting structure.

\*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

# Summary of Q4 and 2020 Adjusted Segment Results



Segment	Q4'2020		2020	
	Y/Y % Change in Revenue	Y/Y Change in Adjusted Segment Margin*	Y/Y % Change in Revenue	Y/Y Change in Adjusted Segment Margin*
HVAC	(4.4)%	(130) bps	(0.4)%	10 bps
Detection & Measurement	17.5%	(160) bps	0.6%	(280) Bps
Engineered Solutions	1.3%	(40) bps	5.2%	270 bps
<b>Total Adjusted SPX</b>	<b>2.5%</b>	<b>(90) bps</b>	<b>1.9%</b>	<b>20 bps</b>

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as “Other” in the company’s reporting structure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

# HVAC Q4 and 2020 Year/Year Results



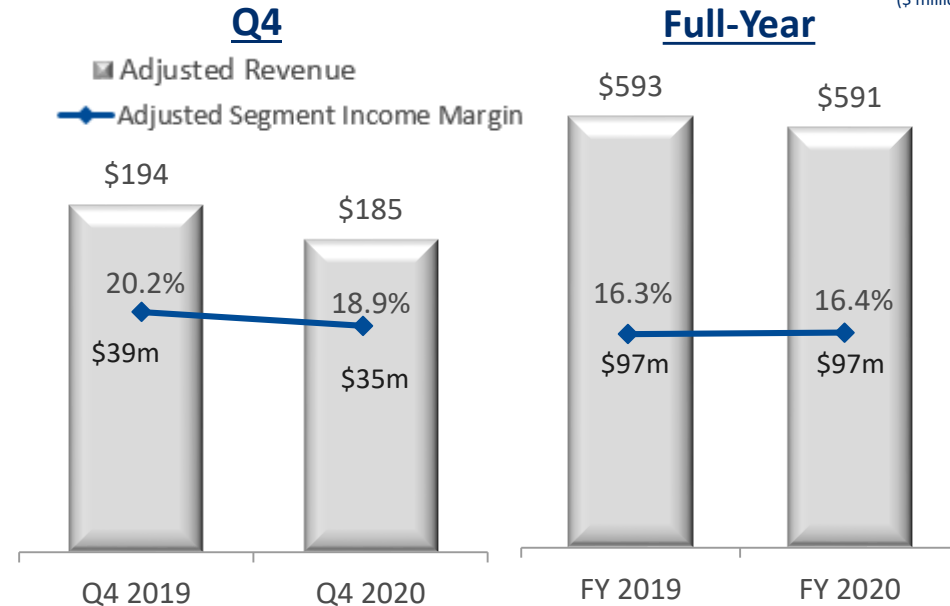
(\$ millions)

## Q4 Revenue:

- (4.4%) year-over-year decrease:
  - ✓ **3.0% acquisition impact** from P-K
  - ✓ **(7.9%) organic decrease\*** due to lower Cooling and Heating volumes
  - ✓ **0.5% currency** impact

## Q4 Adjusted Segment Income and Margin:

- \$4.1m decrease in Adjusted Segment Income\*
- 130 basis points of margin decline driven largely by lower Cooling volumes



Performance Largely as Anticipated;  
Seeing Early Signals of Recovering Non-Resi Activity

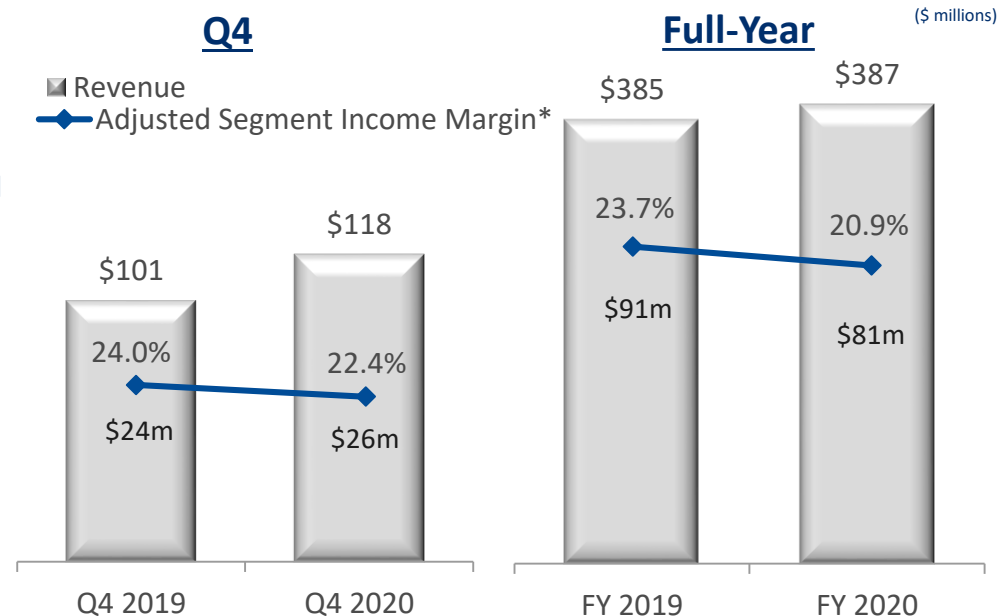
\*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

## Q4 Revenue:

- ❑ 17.5% year-over-year increase:
  - ✓ **2.6% organic increase\*** due primarily to strong year-end shipments in Radiodetection, CUES and Flash
  - ✓ **13.9% acquisition impact** (ULC Robotics and Sensors & Software)
  - ✓ **1.0% currency impact**

## Q4 Adjusted Segment Income and Margin:

- ❑ \$2.3m increase in Adjusted Segment Income\*
- ❑ 160 basis points of margin decline primarily due to a lower mix of high margin project sales



Favorable Impact of Acquisitions; Some Project Sales Shifted into 2021

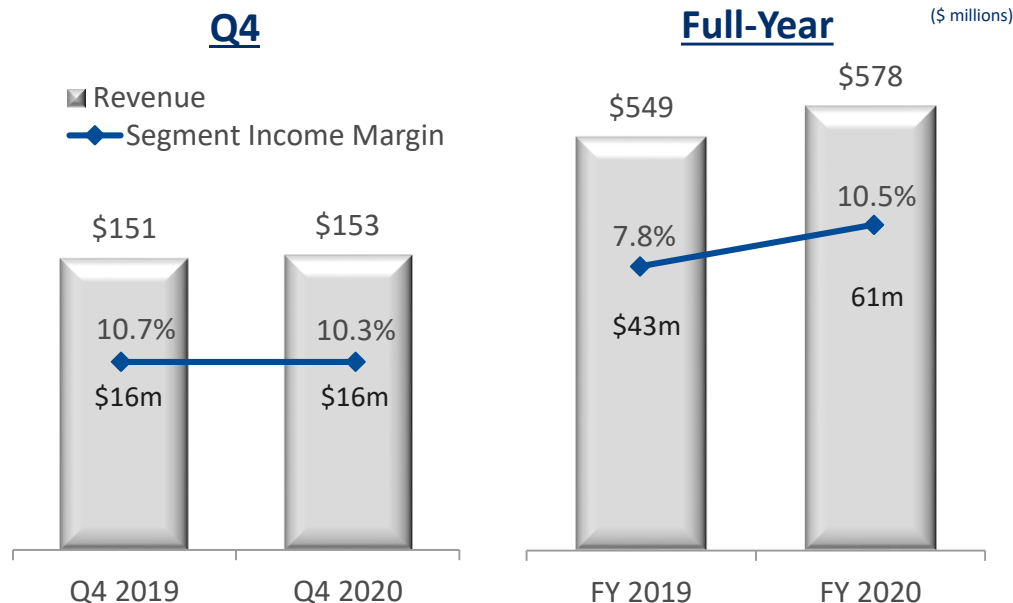
\*Non-GAAP financial measure. Reconciliations from US GAAP financial measures are available in the Appendix of the presentation.

## Q4 Revenue:

- 1.3% year-over-year increase:
  - ✓ Due to improved volumes in Transformers and Process Cooling

## Q4 Segment Income and Margin:

- \$0.3m decrease in Segment Income
- 40 basis points of margin decline
  - ✓ Strong performance in Transformers more than offset by less favorable mix in Process Cooling

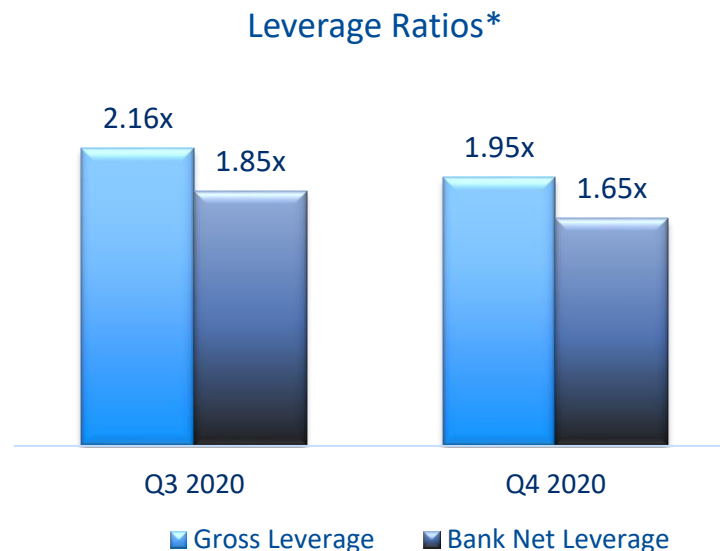


Continued Strong Operational Execution

# Financial Position and Liquidity Review

Jamie Harris

(\$millions)	Q3 2020	Q4 2020
Short-term debt	\$108	\$101
Current maturities of long-term debt	6	7
Long-term debt	350	304
<b>Total Debt</b>	<b>\$464</b>	<b>\$412</b>
Less: Cash on hand	(71)	(68)
<b>Net Debt</b>	<b>\$393</b>	<b>\$344</b>



**Solid Balance Sheet: Well Positioned for Growth Initiatives**

\* Calculated as defined by SPX's credit facility agreement.



	Revenue	Segment Income Margin
<b>HVAC</b>	<ul style="list-style-type: none"> <li>▪ Growth of Low-to-Mid Single Digits %</li> </ul>	<ul style="list-style-type: none"> <li>▪ Modest increase</li> </ul>
<b>Detection &amp; Measurement</b>	<ul style="list-style-type: none"> <li>▪ Growth of Low to Mid Teens % (including the effect of 2020 acquisitions)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approximately flat</li> </ul>
<b>Engineered Solutions</b>	<ul style="list-style-type: none"> <li>▪ Growth of Low Single Digits %</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approximately flat</li> </ul>
<b>Total SPX Adjusted</b>	<ul style="list-style-type: none"> <li>▪ Growth of Mid Single Digits %</li> </ul>	<ul style="list-style-type: none"> <li>▪ Modest increase</li> </ul>

**Adjusted Operating Income Margin of ~12%;**  
**Adjusted EPS in a Range of \$3.00-3.20**

Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as “Other” in the company’s reporting structure. Reconciliations of guidance measures to US GAAP financial measures are not predictable and accordingly are not included in the Appendix of the presentation.

# End Market Overview and Closing Remarks

Gene Lowe

Market	Comments
HVAC	<ul style="list-style-type: none"><li data-bbox="504 361 1682 394">❑ Cooling: Non-residential activity showing early signs of improvement</li><li data-bbox="504 405 1792 437">❑ Heating: solid recent demand trends; weather influenced seasonal demand</li></ul>
Detection & Measurement	<ul style="list-style-type: none"><li data-bbox="504 506 1232 539">❑ Locator demand continues solid recovery</li><li data-bbox="504 550 1586 583">❑ Healthy frontlog of projects; delivery timing remains key driver</li></ul>
Engineered Solutions	<ul style="list-style-type: none"><li data-bbox="504 651 1064 684">❑ Solid utility customer behavior</li><li data-bbox="504 695 1224 728">❑ Preference for “Made in USA” increasing</li></ul>

Drivers Support 2021 Growth Expectations

- ❑ Solid 2020 performance in challenging environment
- ❑ Anticipate double-digit earnings growth in 2021
- ❑ Focused on growth accelerators
- ❑ Strong balance sheet and liquidity

Well-Positioned to Continue Value Creation Journey in 2021+

# Questions

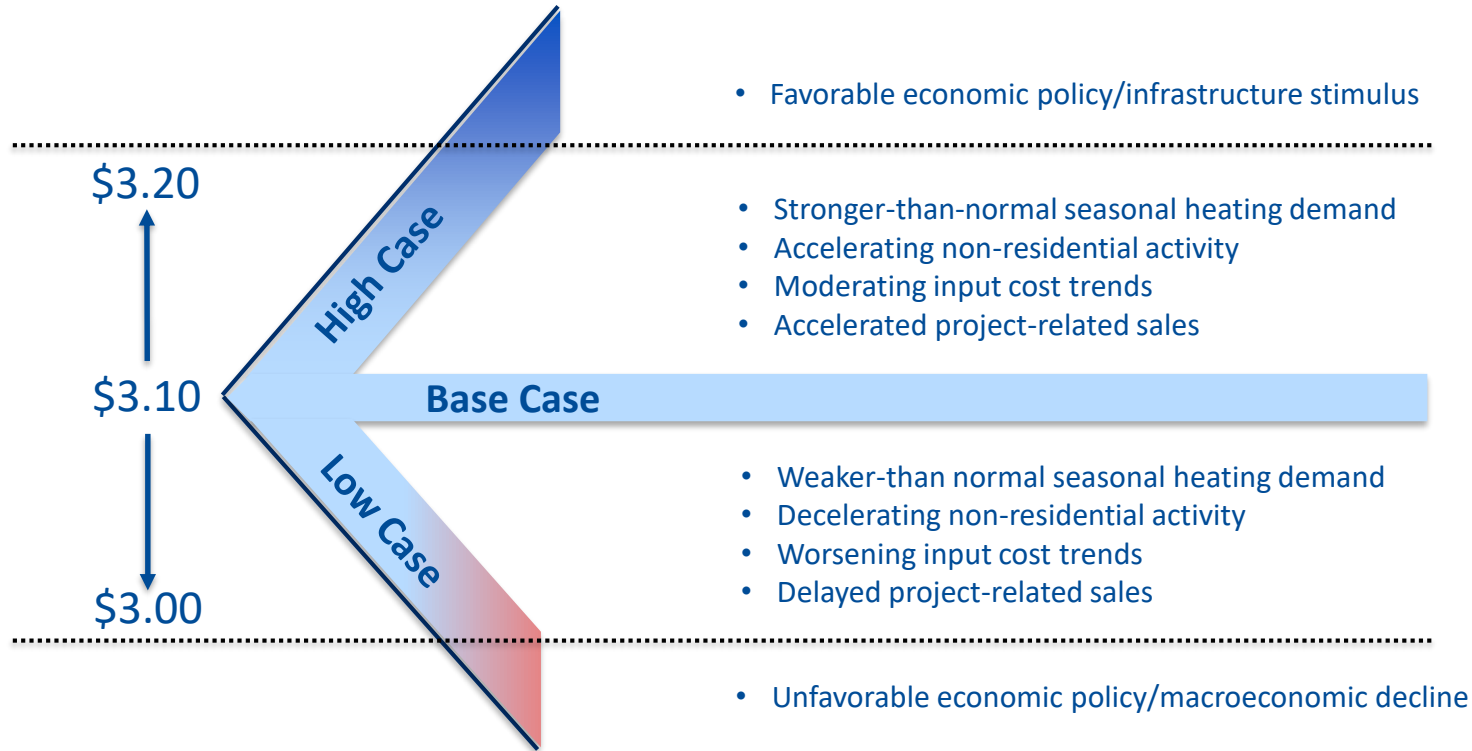
# Appendix

# Modeling Considerations - Full Year 2021



Metric	Considerations
Corporate Expense	\$46-49m
Long-term incentive comp	~\$14-15m
Restructuring costs	\$1-2m
Interest cost	\$13-14m
Equity earnings in JV, Other income/(expense), and Non-service pension benefit/(expense)	\$3-5m
Tax rate	~21-23%
Capex	~\$20m
Cash cost of pension + OPEB	\$13-14m
D&A	~\$45-47m
Share count	~46.3-46.6m
Currency effect	Topline sensitivity to USD-GBP rate

# 2021 Adjusted EPS Guidance - Key Drivers



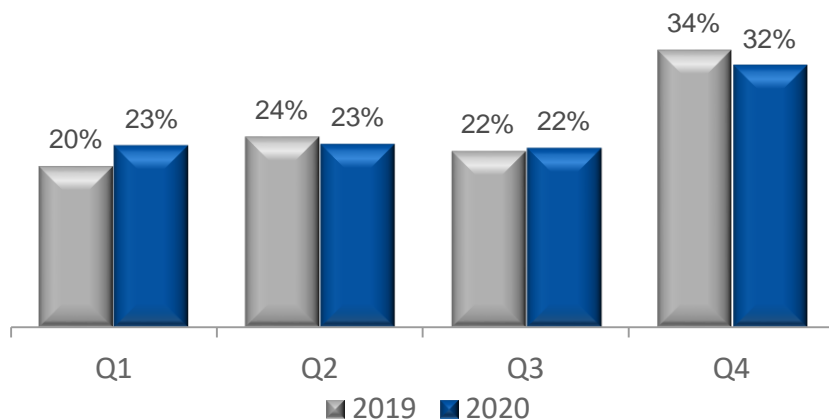
Note: Adjusted results are non-GAAP financial measures that exclude, among other items, the results of the South African operations categorized as “Other” in the company’s reporting structure. Reconciliations of guidance measures to US GAAP financial measures are not practicable and accordingly are not included in this Appendix.



# Adjusted Segment Income Phasing and Reconciliations



(\$ millions)



GAAP  
 Exclude "Other"  
 Exclude: One time acquisition related costs  
 Exclude: Intangible amortization  
 Adjusted  
*% of full-year*

	Q1	Q2	Q3	Q4	2020
GAAP	46.6	47.6	44.4	65.1	203.7
Exclude "Other"	(4.5)	(4.2)	(5.3)	(5.3)	(19.3)
Exclude: One time acquisition related costs	(0.1)			(1.2)	(1.3)
Exclude: Intangible amortization	(2.6)	(2.4)	(3.3)	(5.7)	(14.0)
Adjusted	53.8	54.2	53.0	77.3	238.3
<i>% of full-year</i>	23%	23%	22%	32%	100%

GAAP  
 Exclude "Other"  
 Exclude: One time acquisition related costs  
 Exclude: Intangible amortization  
 Adjusted  
*% of full-year*

	Q1	Q2	Q3	Q4	2019
GAAP	22.1	41.7	43.2	69.5	176.5
Exclude "Other"	(21.3)	(9.7)	(5.4)	(7.2)	(43.6)
Exclude: One time acquisition related costs	(1.3)	(0.9)	-	0.2	(2.0)
Exclude: Intangible amortization	(1.6)	(2.4)	(2.0)	(2.9)	(8.9)
Adjusted	46.3	54.7	50.6	79.4	231.0
<i>% of full-year</i>	20%	24%	22%	34%	100%

# Other Segment Results - 2019 and 2020 by Quarter



(\$ millions)

	Q1	Q2	Q3	Q4	2019
Revenue	(10.0)	0.1	5.5	(1.7)	(6.1)
Segment Income	(21.3)	(9.7)	(5.4)	(7.2)	(43.6)

	Q1	Q2	Q3	Q4	2020
Revenue	2.1	0.7	0.5	0.7	4.0
Segment Income	(4.5)	(4.2)	(5.3)	(5.3)	(19.3)

# Q4 2020 U.S. GAAP to Adjusted EPS Reconciliation



(\$ millions)

	GAAP	Adjustments	Adjusted
Segment income <sup>(1)</sup>	\$ 65.1	\$ 12.2	\$ 77.3
Corporate expense <sup>(2)</sup>	(14.7)	0.8	(13.9)
Long-term incentive compensation expense	(3.8)	-	(3.8)
Impairment of intangible assets <sup>(3)</sup>	(0.7)	0.7	-
Special charges, net <sup>(4)</sup>	(1.6)	0.6	(1.0)
Other operating expense	(9.4)	-	(9.4)
<b>Operating income</b>	<b>34.9</b>	<b>14.3</b>	<b>49.2</b>
Other expense, net <sup>(5)</sup>	(6.7)	3.9	(2.8)
Interest expense, net	(4.4)	-	(4.4)
<b>Income from continuing operations before income taxes</b>	<b>23.8</b>	<b>18.2</b>	<b>42.0</b>
Income tax (provision) benefit <sup>(6)</sup>	3.1	(3.8)	(0.7)
<b>Income from continuing operations</b>	<b>26.9</b>	<b>14.4</b>	<b>41.3</b>
Dilutive shares outstanding	46.151		46.151
<b>Earnings per share from continuing operations</b>	<b>\$ 0.58</b>		<b>\$ 0.89</b>

<sup>(1)</sup> Adjustment represents the removal of (i) operating losses associated with the South Africa business (\$5.3), (ii) amortization expense associated with acquired intangible assets (\$5.7), (iii) one-time acquisitions costs of (\$0.9), and (iv) inventory step-up charges related to the Sensors & Software acquisition of (\$0.3).

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period.

<sup>(3)</sup> Adjustment represents removal of non-cash charges related to the impairment of certain intangible assets.

<sup>(4)</sup> Adjustment represents removal of restructuring charges associated with the South Africa business.

<sup>(5)</sup> Adjustment primarily represents the removal of non-service pension and postretirement charges (\$7.1), foreign currency gains associated with the South Africa business (\$2.0), and a gain on equity security associated with a fair value adjustment (\$1.2).

<sup>(6)</sup> Adjustment primarily represents the tax impact of items (1) through (5) above.

# Q4 2019 U.S. GAAP to Adjusted EPS Reconciliation



(\$ millions)

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted</u>
Segment income <sup>(1)</sup>	\$ 69.5	\$ 9.9	\$ 79.4
Corporate expense <sup>(2)</sup>	(13.8)	0.6	(13.2)
Long-term incentive compensation expense	(3.5)	-	(3.5)
Special charges, net <sup>(3)</sup>	(0.6)	0.5	(0.1)
<b>Operating income</b>	<u>51.6</u>	<u>11.0</u>	<u>62.6</u>
Other expense, net <sup>(4)</sup>	(15.0)	11.2	(3.8)
Interest expense, net <sup>(5)</sup>	(4.9)	(0.1)	(5.0)
Loss on amendment/refinancing of senior credit agreement <sup>(6)</sup>	(0.6)	0.6	-
<b>Income from continuing operations before income taxes</b>	<u>31.1</u>	<u>22.7</u>	<u>53.8</u>
Income tax provision <sup>(7)</sup>	(2.0)	(8.3)	(10.3)
<b>Income from continuing operations</b>	<u>29.1</u>	<u>14.4</u>	<u>43.5</u>
Less: Net loss attributable to redeemable noncontrolling interest	-	-	-
<b>Net income from continuing operations attributable to SPX Corporation common</b>	<u>29.1</u>	<u>14.4</u>	<u>43.5</u>
Adjustment related to redeemable noncontrolling interest <sup>(8)</sup>	5.6	(5.6)	-
<b>Net income from continuing operations attributable to SPX Corporation common shareholders after adjustment to redeemable noncontrolling interest</b>	<u>\$ 34.7</u>	<u>\$ 8.8</u>	<u>\$ 43.5</u>
Dilutive shares outstanding	45.491		45.491
<b>Earnings per share from continuing operations</b>	\$ 0.76		\$ 0.96

<sup>(1)</sup> Adjustment primarily represents the removal of (i) operating losses associated with the South Africa business (\$7.2) and (ii) amortization expense associated with acquired intangible assets (\$2.9).

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period.

<sup>(3)</sup> Adjustment represents removal of restructuring charges associated with the South Africa business.

<sup>(4)</sup> Adjustment represents the removal of non-service pension and postretirement charges (\$11.0) and foreign currency losses (\$0.2) associated with the South Africa business.

<sup>(5)</sup> Represents removal of interest income associated with the South Africa business.

<sup>(6)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to our senior credit agreement.

<sup>(7)</sup> Adjustment represents the tax impact of items (1) through (6) above and the removal of certain income tax benefits that are considered non-recurring.

<sup>(8)</sup> Adjustment represents removal of noncontrolling interest amounts associated with our South Africa subsidiary.

# 2020 U.S. GAAP to Adjusted EPS Reconciliation



(\$ millions)

	GAAP	Adjustments	Adjusted
Segment income <sup>(1)</sup>	\$ 203.7	\$ 34.6	\$ 238.3
Corporate expense <sup>(2)</sup>	(44.8)	1.7	(43.1)
Long-term incentive compensation expense	(14.0)	-	(14.0)
Impairment of intangible assets <sup>(3)</sup>	(0.7)	0.7	-
Special charges <sup>(4)</sup>	(3.2)	0.8	(2.4)
Other operating expenses <sup>(5)</sup>	(9.0)	(0.4)	(9.4)
<b>Operating income</b>	<b>132.0</b>	<b>37.4</b>	<b>169.4</b>
Other income, net <sup>(6)</sup>	2.7	(2.7)	-
Interest expense, net	(18.2)	-	(18.2)
<b>Income from continuing operations before income taxes</b>	<b>116.5</b>	<b>34.7</b>	<b>151.2</b>
Income tax provision <sup>(7)</sup>	(15.8)	(7.4)	(23.2)
<b>Income from continuing operations</b>	<b>100.7</b>	<b>27.3</b>	<b>128.0</b>
Dilutive shares outstanding	45.766		45.766
<b>Earnings per share from continuing operations</b>	<b>\$ 2.20</b>		<b>\$ 2.80</b>

<sup>(1)</sup> Adjustment represents the removal of (i) operating losses associated with the South Africa business (\$19.3), (ii) amortization expense associated with acquired intangible assets (\$14.0), (iii) one-time acquisitions costs of (\$1.0), and (iv) inventory step-up charges related to the Sensors & Software acquisition of (\$0.3).

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period.

<sup>(3)</sup> Adjustment represents removal of non-cash charges related to the impairment of certain intangible assets.

<sup>(4)</sup> Adjustment primarily represents removal of restructuring charges associated with the South Africa business.

<sup>(5)</sup> Adjustment represents the removal of income associated with revisions to estimates of certain liabilities retained in connection with the 2016 sale of the dry cooling business.

<sup>(6)</sup> Adjustment primarily represents the removal of non-service pension and postretirement charges (\$7.8), foreign currency gains associated with the South Africa business (\$1.9), and a gain on equity security associated with a fair value adjustment (\$8.6).

<sup>(7)</sup> Adjustment primarily represents the tax impact of items (1) through (6) above.

# 2019 U.S. GAAP to Adjusted EPS Reconciliation



(\$ millions)

	GAAP	Adjustments	Adjusted
Segment income <sup>(1)</sup>	\$ 176.5	\$ 54.5	\$ 231.0
Corporate expense <sup>(2)</sup>	(46.7)	2.6	(44.1)
Long-term incentive compensation expense	(13.6)	-	(13.6)
Special charges, net <sup>(3)</sup>	(4.4)	3.4	(1.0)
Other operating expenses <sup>(4)</sup>	(1.8)	1.8	-
<b>Operating income</b>	<b>110.0</b>	<b>62.3</b>	<b>172.3</b>
Other income (expense), net <sup>(5)</sup>	(5.2)	6.7	1.5
Interest expense, net <sup>(6)</sup>	(19.2)	(0.1)	(19.3)
Loss on amendment/refinancing of senior credit agreement <sup>(7)</sup>	(0.6)	0.6	-
<b>Income from continuing operations before income taxes</b>	<b>85.0</b>	<b>69.5</b>	<b>154.5</b>
Income tax provision <sup>(8)</sup>	(13.9)	(16.5)	(30.4)
<b>Income from continuing operations</b>	<b>71.1</b>	<b>53.0</b>	<b>124.1</b>
Less: Net loss attributable to redeemable noncontrolling interest	-	-	-
<b>Net income from continuing operations attributable to SPX Corporation common shareholders</b>	<b>71.1</b>	<b>53.0</b>	<b>124.1</b>
Adjustment related to redeemable noncontrolling interest <sup>(9)</sup>	5.6	(5.6)	-
<b>Net income from continuing operations attributable to SPX Corporation common shareholders after adjustment to redeemable noncontrolling interest</b>	<b>\$ 76.7</b>	<b>\$ 47.4</b>	<b>\$ 124.1</b>
Dilutive shares outstanding	44.957		44.957
<b>Earnings per share from continuing operations</b>	<b>\$ 1.71</b>		<b>\$ 2.76</b>

<sup>(1)</sup> Adjustment represents the removal of (i) operating losses associated with the South Africa businesses (\$43.6), (ii) amortization expense associated with acquired intangible assets (\$8.9), and (iii) inventory step-up charges related to the Sabik and Cues acquisitions of (\$2.0).

<sup>(2)</sup> Adjustment represents the removal of acquisition related expenses incurred during the period.

<sup>(3)</sup> Adjustment primarily represents removal of restructuring charges associated with the South Africa business.

<sup>(4)</sup> Adjustment represents removal of charges associated with revisions to estimates of certain liabilities retained in connection with the 2016 sale of the dry cooling business.

<sup>(5)</sup> Adjustment primarily represents the removal of non-service pension and postretirement charges (\$14.0), foreign currency losses associated with the South Africa business (\$0.6), and a gain on equity security associated with a fair value adjustment (\$7.9).

<sup>(6)</sup> Represents removal of interest income associated with the South Africa business.

<sup>(7)</sup> Adjustment represents the removal of a non-cash charge associated with an amendment to our senior credit agreement.

<sup>(8)</sup> Adjustment represents the tax impact of items (1) through (7) above and the removal of certain income tax benefits that are considered non-recurring.

<sup>(9)</sup> Adjustment represents removal of non-controlling interest amounts associated with our South Africa business.

# Q4 and FY 2020 and 2019 U.S. GAAP to Adjusted Operating Income Reconciliation



(\$ millions)

	Three months ended		Twelve months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Operating income	\$ 34.9	\$ 51.6	\$ 132.0	\$ 110.0
Exclude:				
Aggregate operating loss of the South Africa business <sup>(1)</sup>	(5.9)	(7.7)	(20.1)	(46.8)
One-time acquisition related costs <sup>(2)</sup>	(2.0)	(0.4)	(3.0)	(4.8)
Other operating income/expense <sup>(3)</sup>	-	-	0.4	(1.8)
Amortization expense <sup>(4)</sup>	(5.7)	(2.9)	(14.0)	(8.9)
Impairment of intangible assets	(0.7)	-	(0.7)	-
Adjusted operating income	<u>\$ 49.2</u>	<u>\$ 62.6</u>	<u>\$ 169.4</u>	<u>\$ 172.3</u>
as a percent of adjusted revenues <sup>(5)</sup>	10.8 %	14.1 %	10.9 %	11.3 %

<sup>(1)</sup> Represents the removal of the operating results of our South Africa business, inclusive of "special charges" of \$0.6 and \$0.5 during the three months ended December 31, 2020 and 2019, respectively, and \$0.8 and \$3.2 during the twelve months ended December 31, 2020 and 2019, respectively.

<sup>(2)</sup> Represents one-time acquisition related costs during the three months ended December 31, 2020 and December 31, 2019 associated with (i) inventory step-up of \$0.3 and \$(0.2), respectively, and (ii) integration and transaction costs of \$1.7 and \$0.6, respectively, and one-time acquisition related costs during the twelve months ended December 31, 2020 and December 31, 2019 associated with (i) inventory step-up of \$0.3 and \$2.0, respectively, and (ii) integration and transaction costs of \$2.7 and \$2.8.

<sup>(3)</sup> Represents income/expense associated with revisions to estimates of certain liabilities retained in connection with the 2016 sale of the dry cooling business for the twelve months ended December 31, 2020 and 2019.

<sup>(4)</sup> Represents amortization expense associated with acquired intangible assets.

<sup>(5)</sup> See "Results of Reportable Segments and Other Operating Segment" for applicable percentages based on GAAP results.

# Q4 2020 Non-GAAP Reconciliation - Organic Revenue



	Three months ended December 31, 2020			
	<u>HVAC</u>	<u>Detection &amp; Measurement</u>	<u>Engineered Solutions</u>	<u>SPX Corporation</u>
Net Revenue Growth (Decline)	(4.4) %	17.5 %	1.3 %	2.5 %
Exclude: Foreign Currency	0.5 %	1.0 %	- %	0.4 %
Exclude: Acquisitions	3.0 %	13.9 %	- %	4.5 %
Organic Revenue Growth/(Decline)	<u>(7.9) %</u>	<u>2.6 %</u>	<u>1.3 %</u>	<u>(2.4) %</u>



# Q4 and FY 2020 and 2019 U.S. GAAP to Adjusted Revenue and Adjusted Segment Income Reconciliation



(\$ millions)

## CONSOLIDATED SPX:

	Three months ended		Twelve months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Consolidated revenue	\$ 456.8	\$ 443.4	\$ 1,559.5	\$ 1,520.9
Exclude: "Other" operating segment <sup>(1)</sup>	0.7	(1.7)	4.0	(6.1)
Adjusted consolidated revenue	<u>\$ 456.1</u>	<u>\$ 445.1</u>	<u>\$ 1,555.5</u>	<u>\$ 1,527.0</u>
Total segment income	\$ 65.1	\$ 69.5	\$ 203.7	\$ 176.5
Exclude: "Other" operating segment <sup>(1)</sup>	(5.3)	(7.2)	(19.3)	(43.6)
Exclude: One-time acquisition related costs <sup>(2)</sup>	(1.2)	0.2	(1.3)	(2.0)
Exclude: Amortization expense <sup>(3)</sup>	(5.7)	(2.9)	(14.0)	(8.9)
Adjusted segment income	<u>\$ 77.3</u>	<u>\$ 79.4</u>	<u>\$ 238.3</u>	<u>\$ 231.0</u>
as a percent of adjusted revenues <sup>(4)</sup>	16.9 %	17.8 %	15.3 %	15.1 %

<sup>(1)</sup> Represents the removal of the financial results of our South Africa business. Note: This business is being reported as an "Other" operating segment for U.S. GAAP purposes due to certain wind-down activities that are occurring within this business.

<sup>(2)</sup> Primarily represents one-time acquisition costs related to the HVAC and Detection & Measurement reportable segments during the three and twelve months ended December 31, 2020 and additional "Cost of products sold" recorded during the three and twelve months ended December 31, 2020 related to the step-up of inventory (to fair value) acquired in connection with the Sensors & Software acquisition and the three and twelve months ended December 31, 2019 related to the step-up of inventory (to fair value) acquired in connection with the Sabik and Cues acquisitions.

<sup>(3)</sup> Represents amortization expense associated with acquired intangible assets.

<sup>(4)</sup> See "Results of Reportable Segments and Other Operating Segment" for applicable percentages based on GAAP results.

# Q4 and FY 2020 and 2019 U.S. GAAP to Adjusted Segment Income Reconciliations



(\$ millions)

## HVAC REPORTABLE SEGMENT:

	Three months ended		Twelve months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
HVAC segment income	\$ 33.9	\$ 38.1	\$ 93.4	\$ 95.4
Exclude: One-time acquisition related costs <sup>(1)</sup>	(0.5)	-	(0.6)	-
Exclude: Amortization expense <sup>(2)</sup>	(0.7)	(1.1)	(2.9)	(1.4)
HVAC adjusted segment income	<u>\$ 35.1</u>	<u>\$ 39.2</u>	<u>\$ 96.9</u>	<u>\$ 96.8</u>
as a percent of HVAC segment revenues <sup>(3)</sup>	18.9 %	20.2 %	16.4 %	16.3 %

## DETECTION & MEASUREMENT REPORTABLE SEGMENT:

	Three months ended		Twelve months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Detection & Measurement segment income	\$ 20.7	\$ 22.5	\$ 69.1	\$ 81.7
Exclude: One-time acquisition related costs <sup>(1)</sup>	(0.7)	0.2	(0.7)	(2.0)
Exclude: Amortization expense <sup>(2)</sup>	(5.0)	(1.8)	(11.1)	(7.5)
Detection & Measurement adjusted segment income	<u>\$ 26.4</u>	<u>\$ 24.1</u>	<u>\$ 80.9</u>	<u>\$ 91.2</u>
as a percent of Detection & Measurement segment revenues <sup>(3)</sup>	22.4 %	24.0 %	20.9 %	23.7 %

<sup>(1)</sup> Primarily represents one-time acquisition costs related to the HVAC and Detection & Measurement reportable segments during the three and twelve months ended December 31, 2020 and additional "Cost of products sold" recorded during the three and twelve months ended December 31, 2020 related to the step-up of inventory (to fair value) acquired in connection with the Sensors & Software acquisition and the three and twelve months ended December 31, 2019 related to the step-up of inventory (to fair value) acquired in connection with the Sabik and Cues acquisitions.

<sup>(2)</sup> Represents amortization expense associated with acquired intangible assets.

<sup>(3)</sup> See "Results of Reportable Segments and Other Operating Segment" for applicable percentages based on GAAP results.

# Q4 2020 Debt Reconciliation



(\$ millions)

	<u>Q4 2020</u>
Short-term debt	101.2
Current maturities of long-term debt	7.2
Long-term debt <sup>(1)</sup>	<u>305.4</u>
Gross debt	413.8
plus: adjustment associated with acquisitions	25.5
less: purchase card program and extended payables	(1.7)
Adjusted gross debt	437.6
less: cash and equivalents	<u>(67.7)</u>
Adjusted net debt	<u>\$ 369.9</u>

1) Excludes unamortized debt issuance costs associated with term loan of \$1.4m.

Note: Adjusted net debt as defined by SPX's current credit facility agreement.

# 2020 Consolidated Adjusted EBITDA\* Reconciliation



(\$ millions)

	<b><u>FY 2020</u></b>
Net Income attributable to SPX Corporation common shareholders	\$ 97.2
Income tax provision	15.8
Interest expense	<u>18.4</u>
Income before interest and taxes	131.4
Depreciation and amortization	<u>41.7</u>
EBITDA	173.1
Adjustments:	
Non-cash compensation	24.1
Pension adjustments	3.0
Extraordinary non-recurring, non-cash charges (gains), net	6.6
Extraordinary non-recurring cash charges, net	3.8
Material acquisition / disposition related fees, costs, or expenses, net	2.1
Pro forma effect of acquisitions and divestitures, and other	12.1
Adjusted EBITDA	<u><u>\$ 224.8</u></u>

\* Adjusted EBITDA includes pro-forma impact related to acquisitions closed during the year.

Note: Adjusted consolidated EBITDA as defined by SPX's current credit facility agreement.

# 2020 Adjusted Free Cash Flow Reconciliation



(\$ millions)

	<u>2020</u>
Operating cash flow from continuing operations	131.1
Capital expenditures	(21.5)
Free cash flow from continuing operations	<u>109.6</u>
Adjustments*	<u>13.7</u>
Adjusted free cash flow	<u><u>\$ 123.3</u></u>

\* Adjustments align with our reconciliation of GAAP to Adjusted EPS for the full-year 2019